

# STATE PROPERTIES REVIEW BOARD

## Minutes of Meeting Held On March 29, 2018 450 Columbus Boulevard, Hartford, Connecticut

The State Properties Review Board held its regular meeting on March 29, 2018 in Suite 2035, 450 Columbus Boulevard, Hartford, Connecticut.

**Members Present:** Edwin S. Greenberg, Chairman  
Bruce Josephy, Vice Chairman  
Jack Halpert

**Members Absent:** John P. Valengavich, Secretary

**Staff Present:** Brian A. Dillon, Director  
Mary Goodhouse, Real Estate Examiner

Chairman Greenberg called the meeting to order.

Mr. Halpert moved and Mr. Josephy seconded a motion to enter into Open Session. The motion passed unanimously.

### OPEN SESSION

**ACCEPTANCE OF MINUTES OF March 22, 2018.** Mr. Halpert moved and Mr. Josephy seconded a motion to accept the minutes of March 22, 2018. The motion passed unanimously.

### REAL ESTATE- UNFINISHED BUSINESS

<b>PRB #</b>	<b>18-044</b>	<b>Transaction/Contract Type:</b>	RE / Lease Out
<b>Origin/Client:</b>	DAS/DAS		
<b>Lessee:</b>	City of Torrington		
<b>Property:</b>	Torrington Armory, 153 South Main Street, Torrington		
<b>Project Purpose:</b>	Exercise of Option to Renew Lease		
<b>Item Purpose:</b>	Renewal of Lease-out for a 5-year term commencing January 1, 2019 to allow for the continued use of the 0.69-acre property improved with a 22,662 SF armory building for various municipal purposes.		

The Torrington Armory is a two-story facility containing 22,662 GSF of building area, located on a 0.69 acre site. The Military Department declared the property surplus to its needs in 1993 and the City of Torrington has leased the Torrington Armory since 10/24/1994 (PRB File #93-592). The current lease was approved by the Board under PRB #13-257, and will expire 12/31/18. The lease has a renewal option, which the City wishes to exercise, keeping the current lease agreement in place through 12/31/2023.

The Board suspended action on this item on March 26, 2018 and requested that DAS provide additional information about any potential use of the facility by state agencies currently in leased space in the Torrington Area. Information received from DAS on March 28 confirmed that there is not any potential state agency use of the facility, primarily due to the fact that parking is limited to five spaces, and

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secondarily due to the fact that long range planning for DCF, DSS, and DMHAS may close offices in this region, consolidating them with other regions.

The 5-year annual rent has been and remains \$100. The State may terminate the lease at any time with 180 days prior written notice. The State may also reserve the Armory for events, by arrangement with the City. The City must maintain the Armory, including windows, doors, carpeting, systems, fixtures, and equipment. The Lessor shall, at its sole discretion, repair and maintain the exterior and structural portions of the premises, including plumbing, electrical, heating and ventilating systems, to the extent such systems presently exist.

Staff recommended approval of the item.

**REAL ESTATE – NEW BUSINESS**

**PRB #** 18-050 **Transaction/Contract Type:** RE / New Lease  
**Origin/Client:** CLC / CLC  
**Lessor:** Vernel Company Limited Partnership  
**Property:** 81 Alumni Road, Newington, CT  
**Project Purpose:** Connecticut Lottery Disaster Recovery System  
**Item Purpose:** New Lease for 8,254 GSF of warehouse space for a four year term ending June 30, 2022 to meet the requirements of the Connecticut Lottery Corporations Disaster Recovery Plan.

**PRB #** 18-051 **Transaction/Contract Type:** RE / Lease Amendment  
**Origin/Client:** CLC / CLC  
**Lessor:** Vernel Company Limited Partnership  
**Property:** 81 Alumni Road, Newington, CT  
**Project Purpose:** Connecticut Lottery Disaster Recovery System  
**Item Purpose:** First Amended and Restated Lease for 6,500 GSF of office space for a four year term ending June 30, 2022 to meet the requirements of the Connecticut Lottery Corporations Disaster Recovery Plan.

The Connecticut Lottery Corporation (CLC) is a quasi-public agency headquartered at 777 Brook Street, Rocky Hill where since 2008 it has leased 92,500 SF (PRB #07-134). The Rocky Hill lease consolidated office and warehouse at one location. Previously the CLC was at John Downey Drive in New Britain (offices) and 81 Alumni Road, Newington (disaster recovery warehouse and office space). Initially 10,000 SF of warehouse space was leased, this was amended to 20,000 SF in 2002, and then to 7,000 SF in 2007. Combined with 6,500 SF of office space, the Newington location satisfies requirements of CLC's Disaster Recovery and Business Continuity Plan.

CLC has requested that SPRB review the above captioned lease amendments as required by C. G. S. Sec. 12-806 (b)(16) which authorizes the CLC to lease property. The leasing transactions "shall not be subject to approval, review or regulation pursuant to title 4b or any other statute by any state agency, except that real property transactions shall be subject to review by the State Properties Review Board."

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CLC currently leases 6,500 SF of office space & 7,000 SF of warehouse space at 81 Alumni Road, Newington, for a Disaster Recovery Unit (reviewed by the Board as PRB #14-125 & #14-126). The Amendments will do the following:

PRB #18-050: The warehouse space will increase by 1,254 SF to 8,254 SF. The Lessor will maintain a newly installed generator on an on-going basis. The lease is extended 4 years, expiring 6/30/2022.

PRB #18-051: The office space remains 6,500 SF. The Lessor will maintain the newly installed generator and HVAC units. The carpet has been replaced. The lease is extended 4 years, expiring 6/30/2022.

The rental rate has remained constant since 2007. Essentially, the leases provide a four year term; except that the Lessor has the right to terminate by giving 9 months' notice if the Lessor contracts to sell the property to a third party. No change was made to the rental rates, which are \$5.50/SF for the 6,500 SF of office space and \$5.00/SF for the 8,254 SF of warehouse space, or an effective rate of \$5.22/SF for the office/distribution space combined.

Additional rent includes tenant's pro-rata share of heat & electricity; security system; burned-out florescent tubes and bulbs; and rubbish removal. The Lessor provides hot & cold water, snow and ice removal and sanding, grounds keeping, and replacement of burned out ballast.

Previously stipulated Tenant Improvements were completed: In June 2014 the Lessor installed new HVAC units to maintain air consistent indoor temperature of 68 – 75 degrees, which Lessee can control via thermostat; and generators to provide power to the leased space in the event of a power blackout or outage. Also, the Lessor removed the existing carpeting in the office space and replace with new commercial grade padding and carpet that conforms to ASTM and NRPA codes for standards of flammability.

Lessor's Insurance Requirements: These are not specified except to state that "The liability of the Lessor to indemnify and save and hold Lessee harmless shall be effectively protected by insurance." By contrast, the State standard lease agreements specify the level of liability insurance required, and require the Lessor to provide certificates of insurance annually to the Lessee for liability, fire and casualty insurance coverage.

Market Data: 81 Alumni Road, Newington is an 183,000 SF flex/distribution warehouse industrial building constructed in 1960 on 8.4 acres. The CLC lease rate of \$5.22/SF for 14,754 SF of office/warehouse space is within the market range for industrial/flex & warehouse distribution properties. Cushman & Wakefield reports that for Q4 of 2017, the industrial leases in southern Hartford County for flex space had an overall average net rental rate of \$5.97/SF. Flex space is typically 20% office; 80% warehouse. Since 44% of the CLC leased space is office, the CLC rate at \$5.22/SF for the total premises is fair and reasonable.

The CLC has the authority to lease real estate necessary to carry out the purposes of Sections 12-563a and 12-800 to 12-818, inclusive, which are the statutes governing the Corporation's activities. SPRb Staff

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review of the proposed leases finds that the rental rate is within market rates for similar properties in the same market.

Staff recommended that the Lessor's Insurance requirements be stated in the lease agreement, and that the Lessor provide certificates of insurance annually to the Lessee for liability, fire and casualty insurance coverage. Though not required by statute, in the past the Board has requested and received current Statements of Financial Interest so that Board members & CLC Board of Directors will be made aware of any possible conflicts of interest. Staff recommends that the CLC again provide a current statement of financial interest for the Lessor, Vernel Company Limited Partnership, acting by Marnew Corp., General Partner. Copies of the fully executed leases should be provided for SPRB files.

**ARCHITECT-ENGINEER - UNFINISHED BUSINESS**

**ARCHITECT-ENGINEER – NEW BUSINESS**

<b>PRB#</b>	<b>18-047</b>	<b>Transaction/Contract Type:</b> AE / Task Letter
<b>Project Number:</b>	BI-JA-481	<b>Origin/Client:</b> DCS/COR
<b>Contract:</b>	OC-DCS-ARC-0056	
<b>Consultant:</b>	Clohessy Harris & Kaiser, LLC	
<b>Property:</b>	Carl Robinson Correctional Institution, Enfield	
<b>Project Purpose:</b>	Bathroom Renovations Project	
<b>Item Purpose:</b>	Task Letter #1 to compensate the consultant for design services for the renovation of a total of 8,000 SF of existing bathrooms located in six housing pods at the Carl Robinson Correctional Institution.	

The Carl Robinson Correctional Institution (“CRCI”) is located in Enfield and is comprised of six housing pods for inmates. The Department of Corrections (“DOC”) has requested consultant services for design development and construction administration for the complete renovation of two bathrooms in each of the housing pods. Each bathroom facility comprises approximately 580 GSF with each are typically including seven water closets, seven showers, three urinals and nine lavatories. The current plan assumes that the toilet count will remain unchanged but that additional urinals may be added by replacing all single use fixtures with gang type units. The scope of services will also include complete demolition of interior wall partitions, revised floor slab elevations for positive drainage, enlarged plumbing chases, new rough plumbing and bathroom fixtures as well as new lighting and finishes.

In January 2017, SPRB approved Clohessy Harris & Kaiser, LLC, (“CHK”) (PRB #17-008) as one of eight firms under the latest On-Call Architects Consulting Services Contract. These contracts have total maximum cumulative fee of \$1-Million Dollars and a common expiration date of March 15, 2019. This is the first Task Letter that CHK has received under this series.

Task Letter #1 is a new task letter and subject to SPRB approval because the value of the task letter for this project exceeds \$100,000. DCS has established a construction budget of \$1,853,000 for this project along with a total project budget of \$2,862,000. As detailed in the scope letter from CHK to DCS dated March 30, 2017, the \$183,757 fee is intended to compensate the consultant for the following project

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scope: standard design services for the renovation of the 6 bathroom area pods; design of all required MEP upgrades to support the space; completion of bidding, estimating and construction administration services; and coordination and design services for all associated upgrades consistent with the standards developed by DOC.

Staff recommended that the Board approve Task Letter #1 for Clohessy Harris & Kaiser, LLC to provide consulting design and construction administration services on this project. The overall basic service fee of 9.31% of the construction budget is well within the guideline rate of 11% for this Group A Renovation Project.

**OTHER BUSINESS**

The Board took the following votes in Open Session:

**PRB FILE #18-044**– Mr. Halpert moved and Mr. Josephy seconded a motion to approved PRB File #18-044. The motion passed unanimously.

**PRB FILE #18-047** – Mr. Halpert moved and Mr. Joseph seconded a motion to approve PRB File #18-047. The motion passed unanimously.

**PRB FILES #18-050 & #18-051** – Mr. Josephy moved and Mr. Halpert seconded a motion to forward comments regarding the proposed leases PRB File #18-050 and PRB File #051 to the Connecticut Lottery Commission. The motion passed unanimously.

The meeting adjourned.

**APPROVED:** \_\_\_\_\_ **Date:** \_\_\_\_\_

John P. Valengavich, Secretary